



House Committee on Transportation, Mobility and Infrastructure

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Vice President of Government Affairs

Tuesday, March 7, 2023



*Michigan Infrastructure &
Transportation Association*

ROADS & BRIDGES

FUNDING

Roads and bridges in Michigan are funded by user fees— gas taxes and registration fees.

❖ User Fees

- ◆ Federal Gas Tax = 18.4 cents/ gallon (1993)
- ◆ State Gas Tax = 28.6 cents/ gallon in Michigan
- ◆ Registration Fees = Based on value of a vehicle
- ◆ Toll Roads (none in Michigan)

❖ Sales Tax

- ◆ Some states allocate sales tax to transportation investment. Michigan collects 6% sales tax on gasoline purchases, a vast majority of which is not used for transportation purposes.

2015 Road Funding Package “A good downpayment” Gov. Rick Snyder

REVENUES

- 7.3 cent gas tax increase (1/1/2017) (indexed)
- 20% registration fee increase (1/1/2017)
- General Fund Revenues
 - *\$150M for FY 2018 – 2019
 - *\$325M for FY 2019 – 2020
 - *\$600M for FY 2020 – 2021 ongoing
- Registration fee increases for hybrid and electric vehicles



2015 Road Funding Package cont.

- Credits and Reforms
 - Expansion of the Homestead Property Tax Credit
 - Roads Innovation Task Force (\$100M lock box) To produce longer lasting roads.
 - Expansion of Road Warranties to local roads



Michigan Infrastructure & Transportation Association

21st Century Infrastructure Commission (2016)

- 27 member commission comprised of state and independent industry experts appointed by Governor Snyder and legislative leaders.
- Developed a 188 page report with over 100 different recommendations involving our state's infrastructure.
- Found a need of \$2.2 billion more annually for next 20 years to keep our transportation network in Michigan at 90% good and fair conditioned.

Revenues Since 2016

- Infrastructure Investment and Jobs Act (IIJA) investments are through 2026.
- Governor's Rebuilding Michigan program is 4 year bonding program, investing \$3.5 B.
- Where are revenues for 2027 and beyond?
- Can not continue to wait for a crisis. State needs an equitable, long-term, sustainable road funding solution.

Infrastructure Investment and Jobs Act

- Federal Transportation Investment
 - FY 2021 - \$1.125 B (before IIJA passage)
 - FY 2022 - \$1.529 B
 - FY 2023 - \$1.557 B
 - FY 2024 - \$1.585 B
 - FY 2025 - \$1.614 B
 - FY 2026 - \$1.644 B

*Annual Average Increase = \$460M

ROADS & BRIDGES

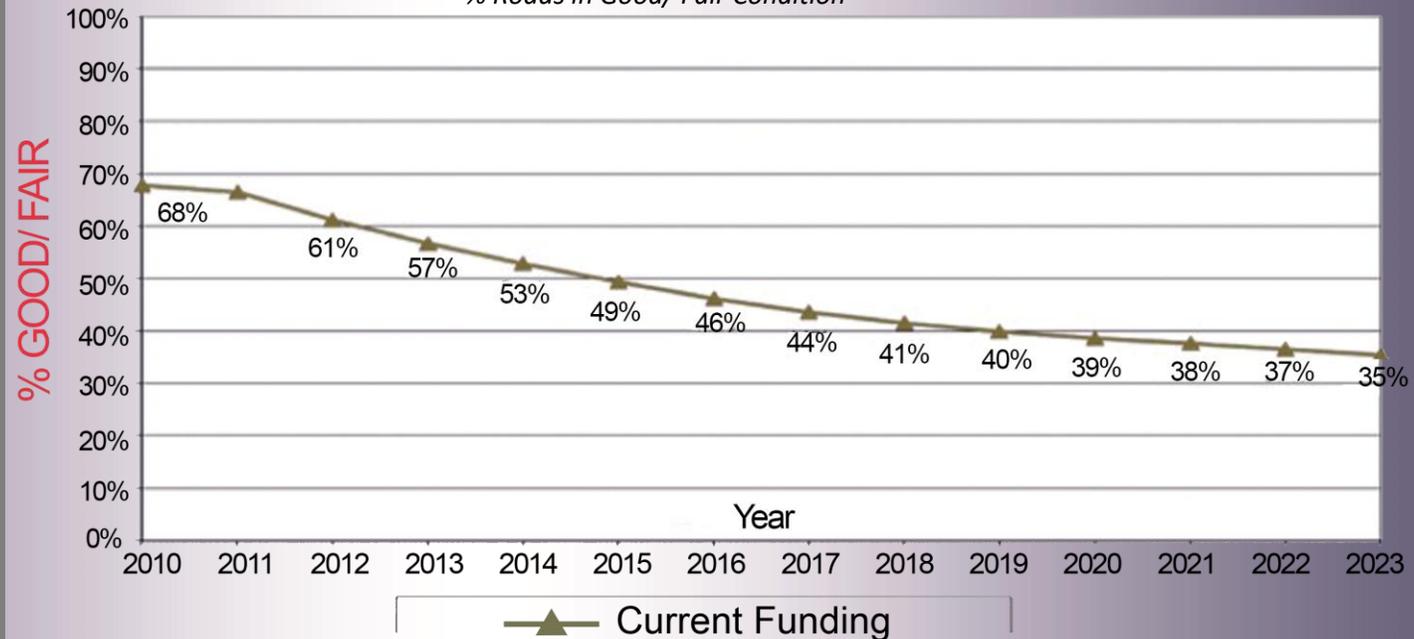
THE DECLINE

Under the current investment strategy, the future is bleak. By 2023, 65% of Michigan roads will be rated in poor condition.

Future Projections Under The Current Revenue Structure

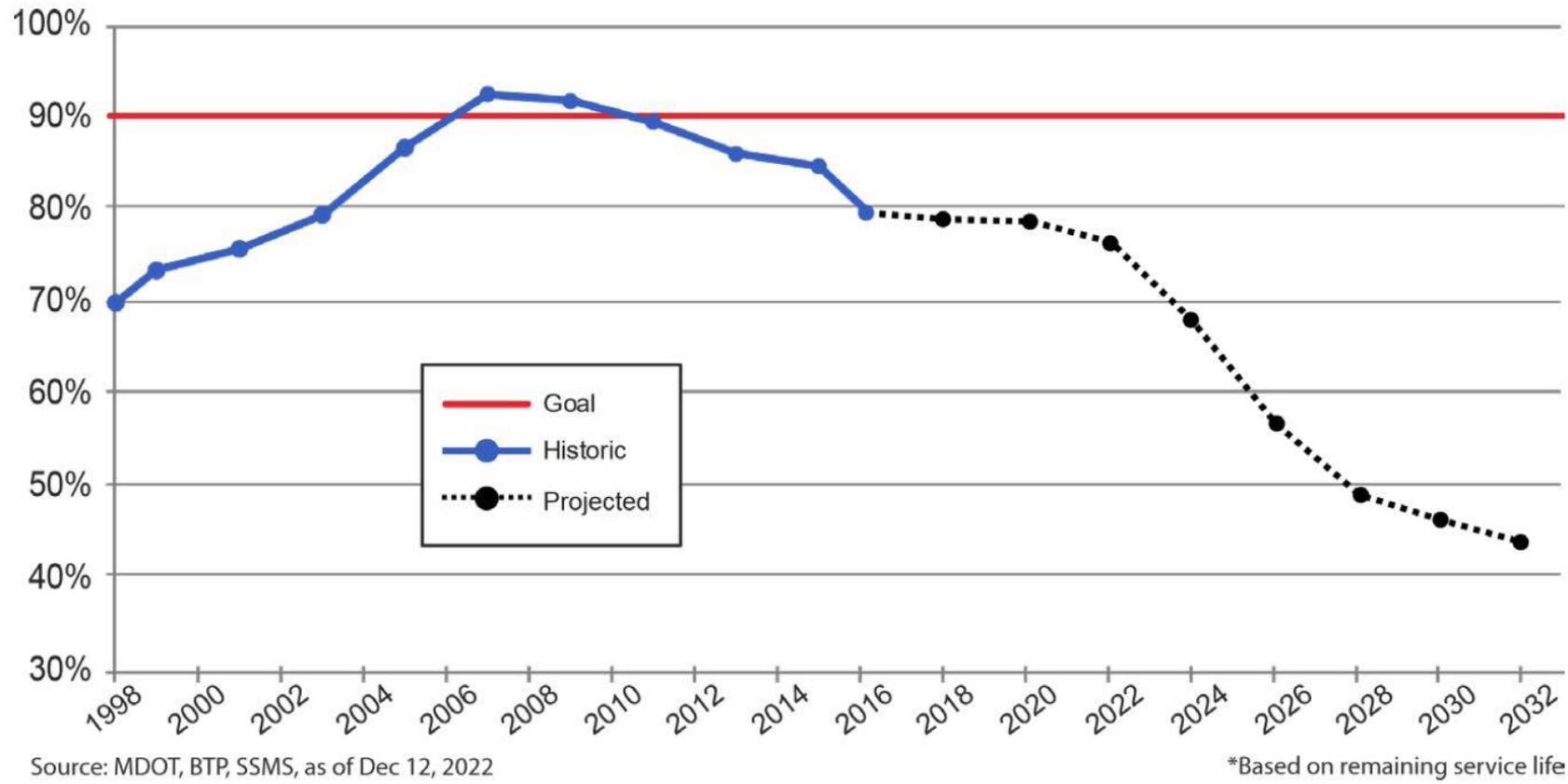
All Paved Federal-Aid Eligible Roads

% Roads in Good/Fair Condition



Source: A special message by Gov. Rick Snyder; *Reinventing Michigan's Infrastructure: Better roads drive better jobs*
Analysis: Anderson Economic Group, LLC (2012)

MDOT Historic and Projected Trunkline Pavement in Good and Fair Condition, 1999 - 2032



2021 Federal-Aid Pavement Condition

Percent Lane Miles

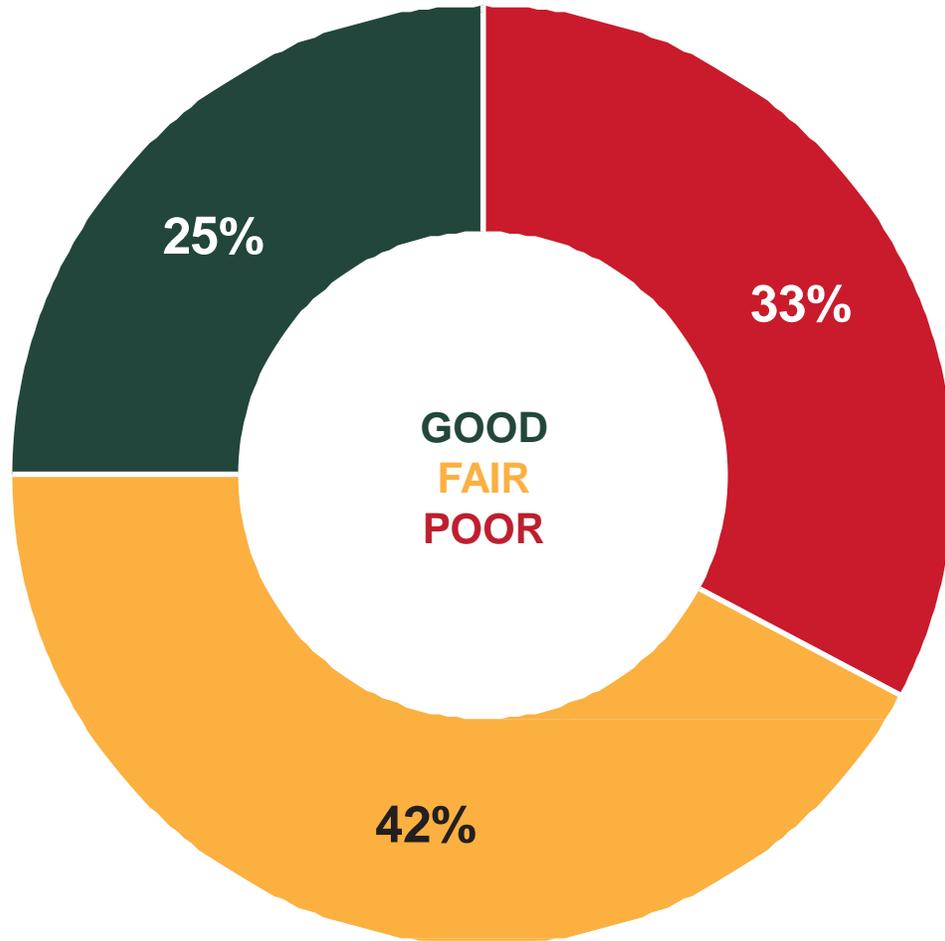


Figure 4

Source: 2021 PASER Data Collection

Figure 5

Source: 2021 PASER Data



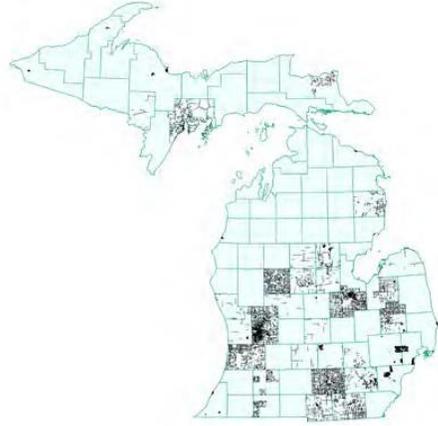
Paved Federal-Aid Roads

Road agencies typically report on the condition of all paved federal-aid roads over the course of two years. However, in 2021 the goal was to collect the entire federal-aid network since no condition data was collected in 2020. The goal was nearly met with collecting 96% of the federal-aid network, which is the largest collection effort to date and can be seen in Figure 5.

Figure 4 shows a summary of the 2021 system condition. Compared to the previous year, an increase in roads in good condition and fair condition occurred. Roads in the poor condition fell by 9%, or 7,900 lane miles.

With this reversal in trends, 67% of paved federal-aid roads are in the good and fair condition - which is the highest percentage in 10 years.

Figure 6 Source: 2021 PASER Data



Non-Federal-Aid Roads

There are over 165,000 lane miles of non-federal-aid (NFA) roads in Michigan. The federal government classifies these roads as being “local roads.” Each year, many local agencies choose to rate some or all their NFA roads.

In 2021, the most ever NFA roads were rated at 25,004 lane miles. Figure 6 shows the summary of the 2021 condition, with close to 300 local agencies reporting ratings. Of these roads, 45% were found to be in poor condition as seen in Figure 7.

Local road agencies use ratings on both federal-aid and NFA roads to help manage their road network.

2021 Non-Federal-Aid Road Condition

Percent Lane Miles

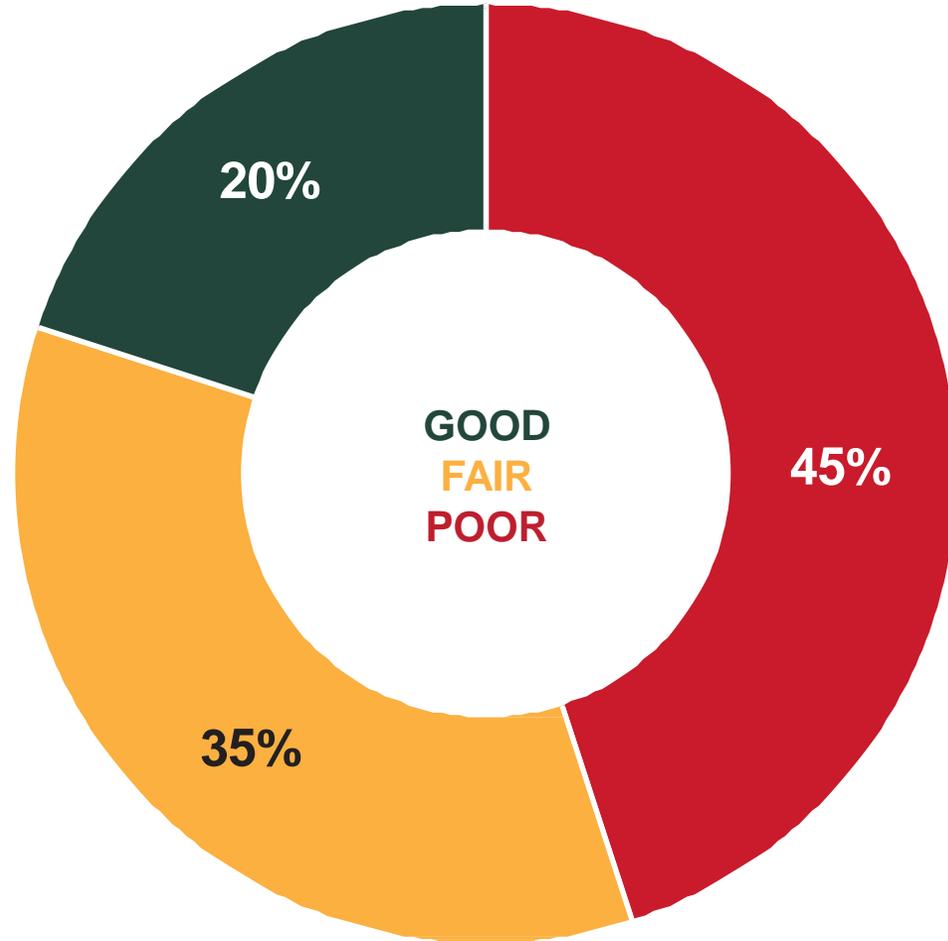


Figure 7

Source: 2021 PASER Data Collection



the COVID Relief Act and Infrastructure Investment and Jobs Act (IIJA) are available. This money targets the poorest of pavement but inevitably results in less lane miles being completed.

There is also an across-the-board cost increase for pavement fixes which also contributes to less pavement being improved. It is not known if these are temporary or permanent cost increases, but they do have significantly negative impact on future condition.

Without additional and consistent long-term investment in the billions of dollars, the percent of roads in poor condition will continue to increase, as the increasing construction cost outpaces the ability to fix them.

Pavement Condition Forecast

2023-2033

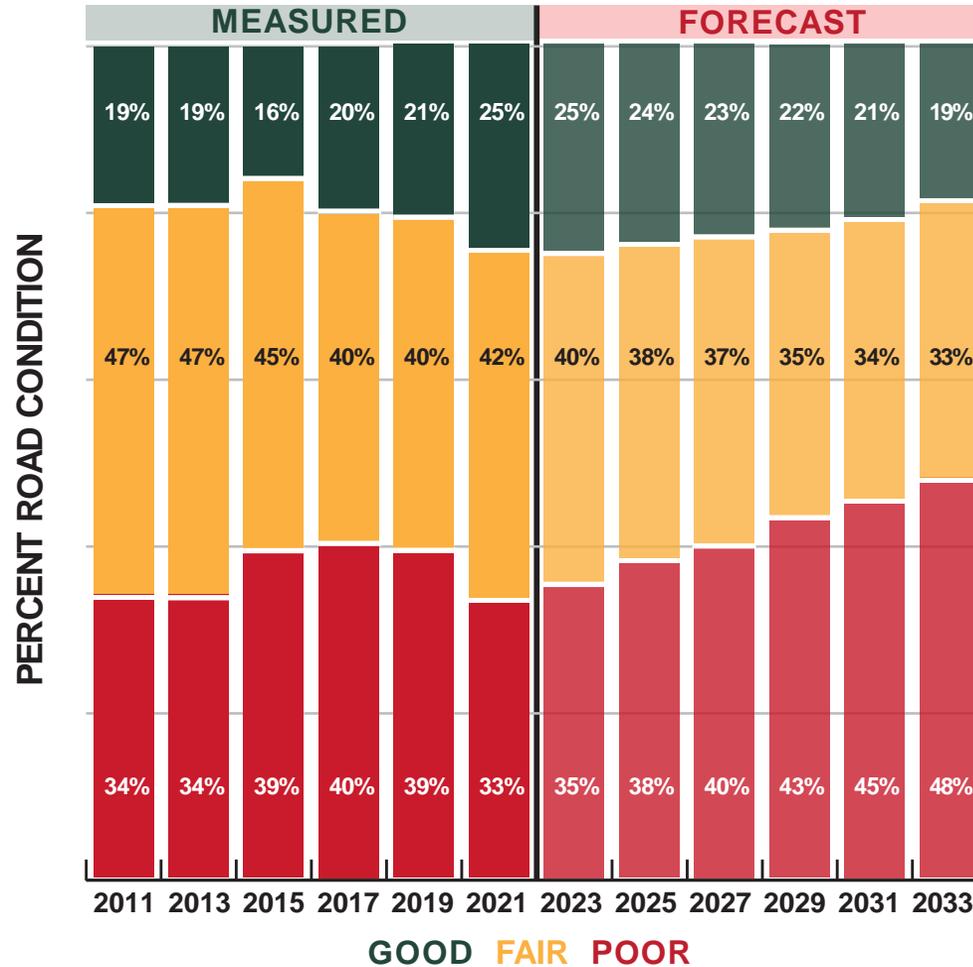
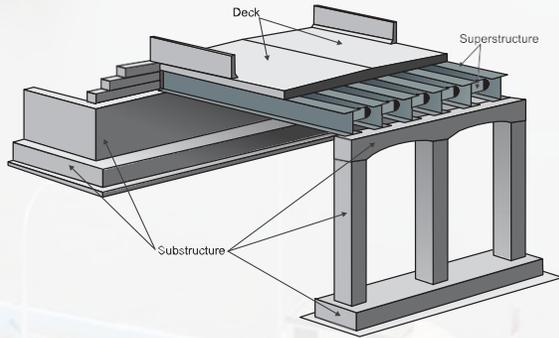


Figure 9

Source: 2021 TAMC

The National Bridge Inspection Standards (NBIS) define a bridge as a structure carrying traffic with a span greater than 20 feet. Condition ratings are based on a 0-9 scale and assigned for each culvert, or the deck, superstructure, and substructure of each bridge. These ratings are recorded in the National Bridge Inventory (NBI) database.



As shown in Figure 10, in 2021 over 1,250 bridges, or 11.2% of NBI structures in Michigan are in poor condition. All the gains in reduction of poor bridges over the last 10 years have now been lost. Given the current rate of bridge deterioration, the percent of bridges in poor condition will continue to rise until significant increases in investment are made.

Statewide Bridge Condition

All Roadway Bridges 2012-2021

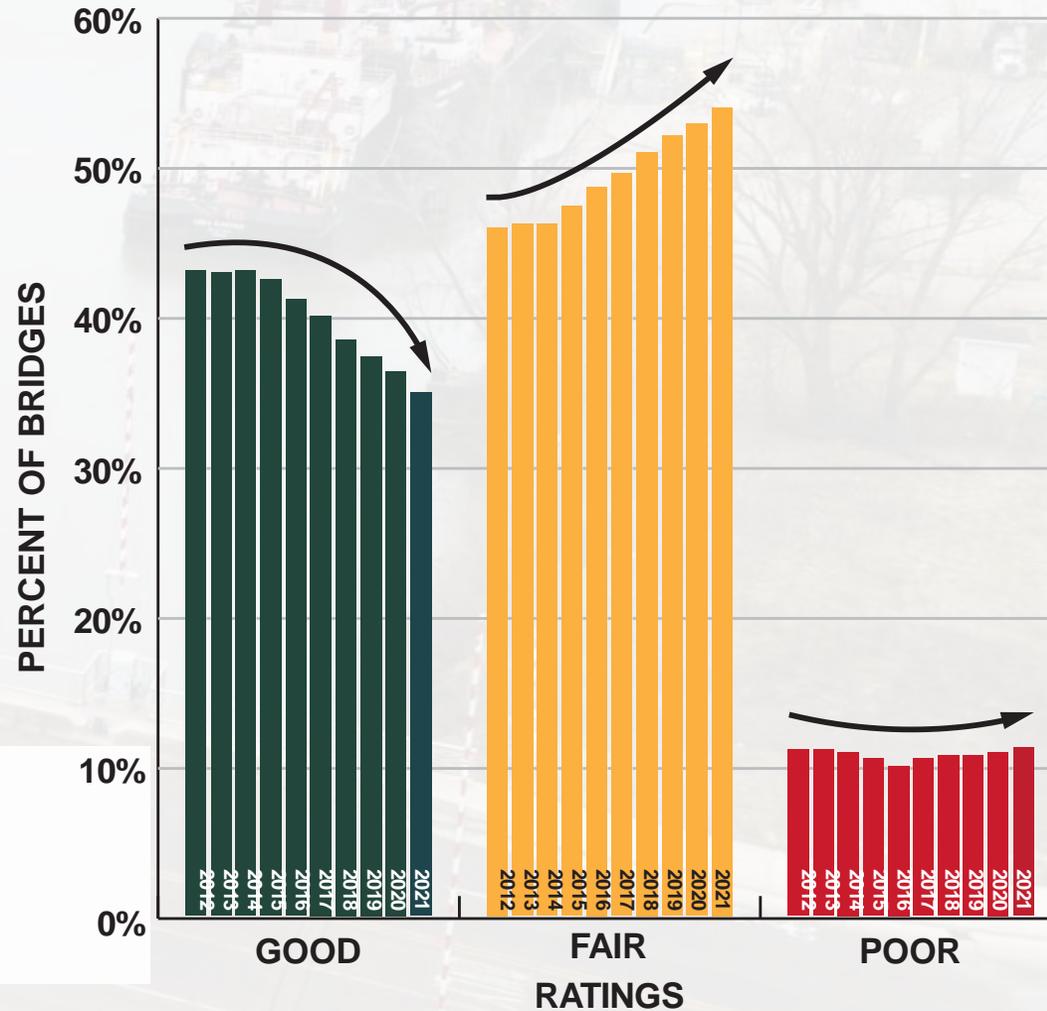


Figure 10

Source: 2012-2021 Michigan Bridge Inventory

Bridge Condition Forecast

2023-2033

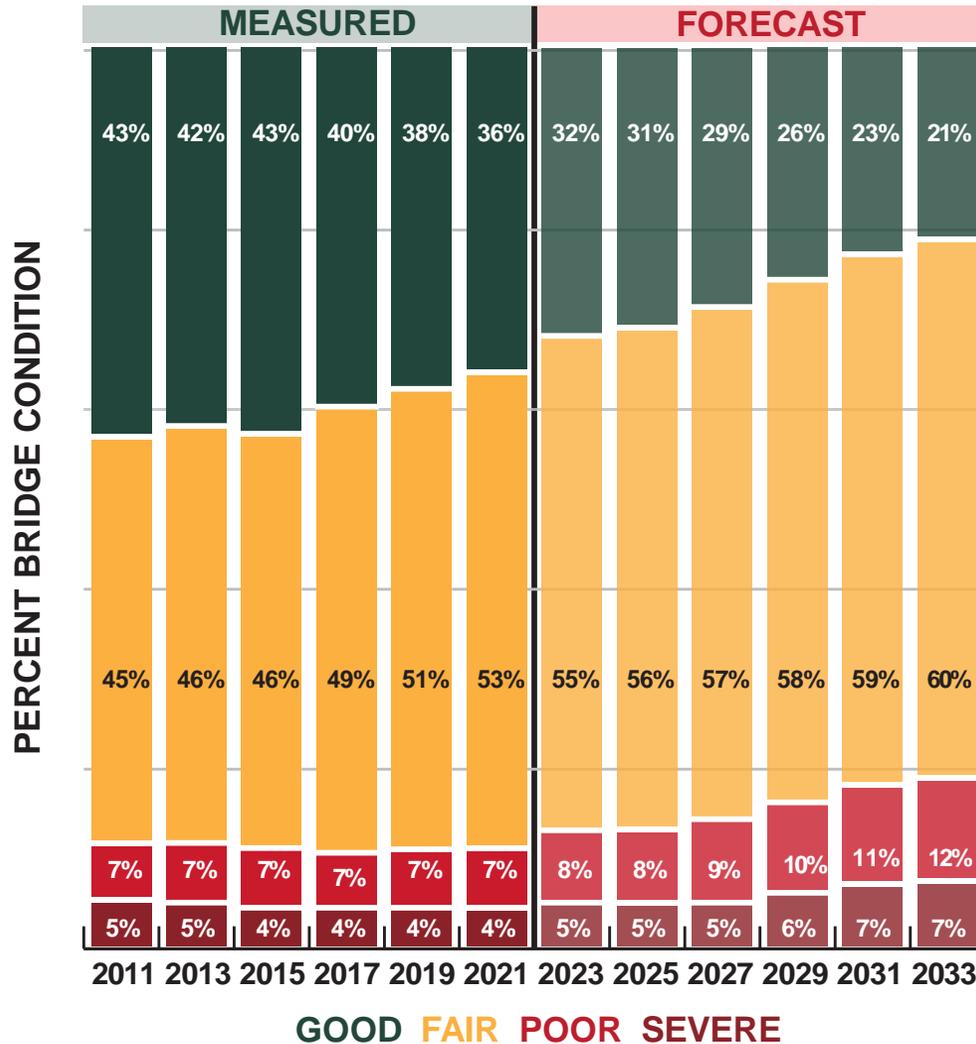


Figure 15

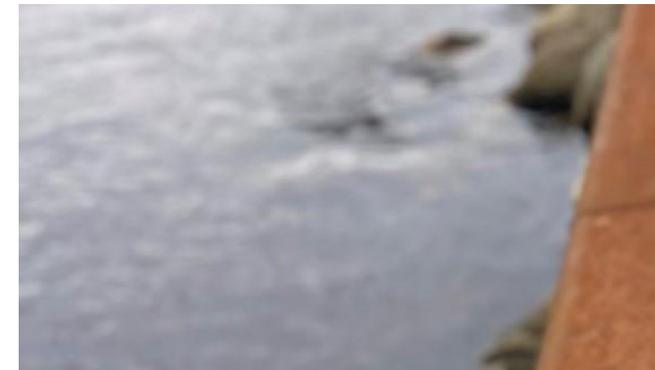
Source: 2021 TAMC

Bridge Condition Forecast

Working from current NBI bridge condition information, bridge deterioration rate, project costs, expected inflation, and fix strategies, the Bridge Condition Forecasting System (BCFS) estimates future condition of bridges. Figure 15 indicates the combined overall bridge condition of all Michigan's bridges is expected to continue to decline.

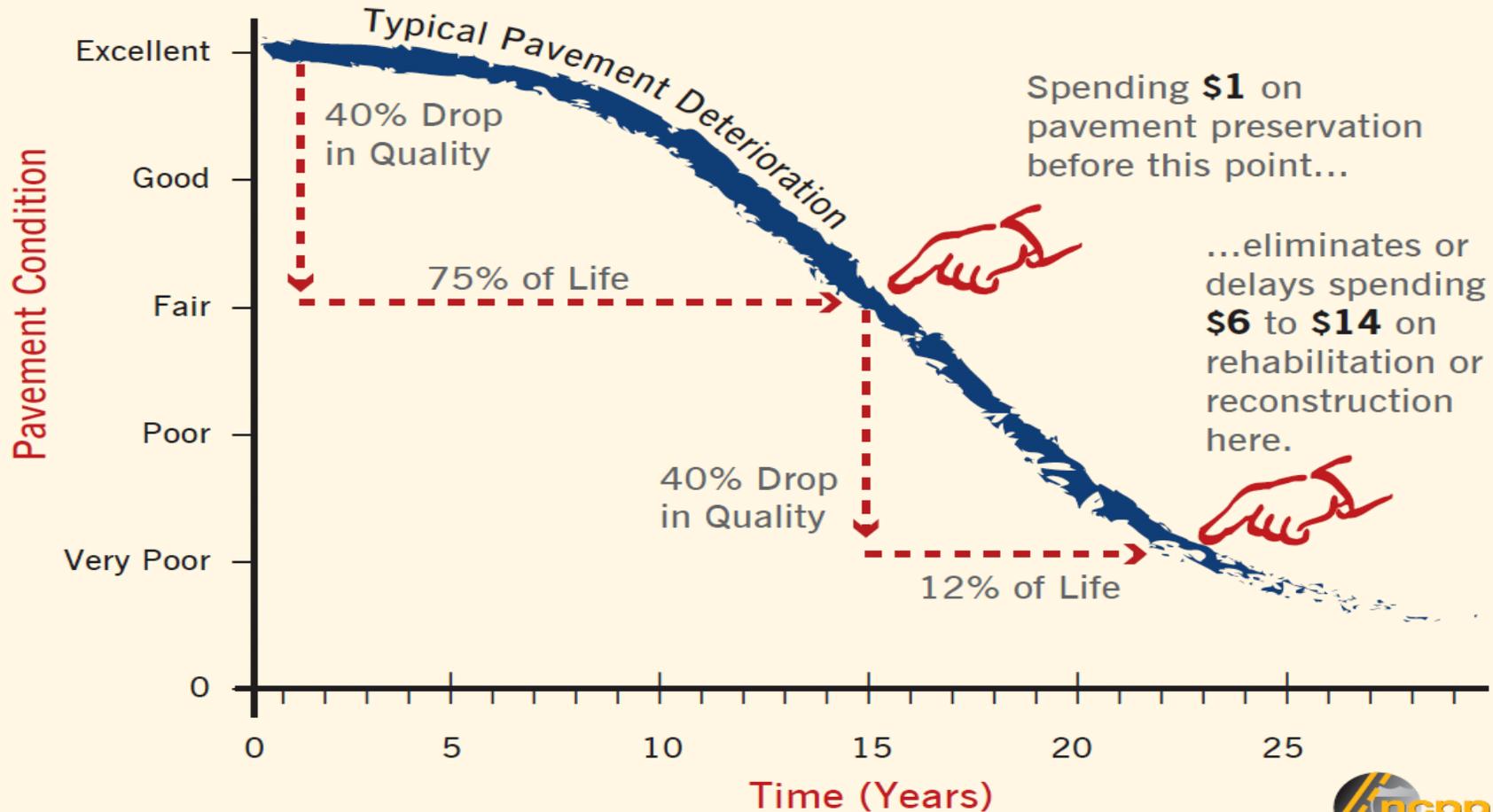
This analysis includes the bridge funding designated in IIJA for both trunkline and local agencies as well as other bridge program funds.

This forecast also includes the severe condition category that continues to rise. 19% of all bridges are forecast to be in the poor or severe category by the year 2033. This indicates that without additional investment for bridge programs additional bridges will be at high risk and lead to more emergency repairs and closures.

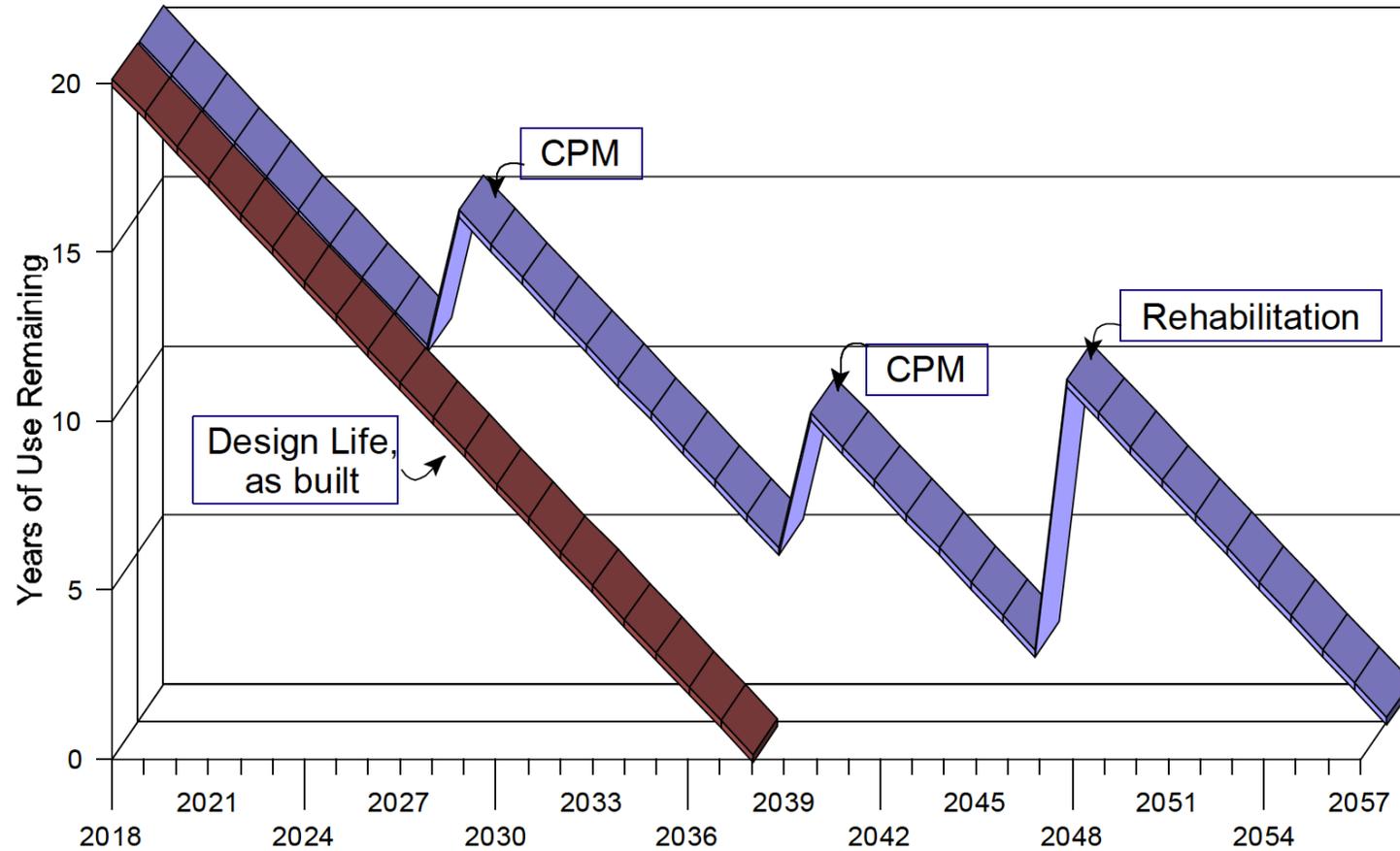


Asset Management (invest early)

PAVEMENT PRESERVATION IS COST EFFECTIVE



Asset Management (50 year roads)





Michigan Transportation Infrastructure Needs and Funding Solutions

March 2023



Combined MDOT and CRA PSC Estimate Estimate

Average annual cost of the State of Michigan road system, federal- and non-federal-aid roads	\$7,185,676,838	\$9,038,555,829
MDOT state and federal annual estimate through 2045	\$4,342,160,000	\$4,342,160,000
IIJA increase and RBMP through FY 2026	\$764,640,000	\$764,640,000
Average annual deficit through FY 2026	\$2,078,876,838	\$3,931,755,829



- Ongoing educational campaign.
- Research, polling, focus groups, etc.
- Coalition Building (business, labor, tourism, agriculture, transportation, etc.)
- More public engagement in debate.
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